NOVA SCOTIA
HOUSING DEVELOPMENT CORPORATION

ANNUAL ACCOUNTABILITY REPORT
FOR THE FISCAL YEAR 2009-2010

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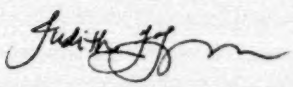
1.0 ACCOUNTABILITY STATEMENT

The accountability report of the Nova Scotia Housing Development Corporation for the year ended March 31, 2010, is prepared pursuant to the *Provincial Finance Act* and government policies and guidelines. These authorities require the reporting of outcomes against the corporation's business plan information for the fiscal year 2009-2010. The reporting of the Housing Development Corporation outcomes necessarily includes estimates, judgements, and opinions by the corporation's management.

This accountability report is the responsibility of the corporation's management and is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the corporation's business plan for the year.

Denise Peterson-Rafuse
Minister, Department of Community Services



Judith F. Ferguson
Deputy Minister, Department of Community Services

2.0 Message From the Nova Scotia Housing Development Corporation

It is my pleasure to present the 2009-2010 Accountability Report for the Nova Scotia Housing Development Corporation. This report provides an overview of the corporation's progress and accomplishments.

The corporation, through the staff of the Department of Community Services and seven housing authorities, enables the provision of a variety of services to support healthy and diverse communities.

2009-2010 was a historic year for Nova Scotia, having successfully secured funding to support an investment of $133 million in housing infrastructure. Work began on using those funds to support the rejuvenation and greening of the province's public housing stock, the creation of additional housing for seniors, persons with disabilities, and affordable housing options for low-income Nova Scotians, as well as enable government to continue with the Residential Rehabilitation Assistance Program.

I hope you will find the information helpful in understanding the corporation's progress in providing a range of capital financing tools to support government's public policy agenda.

Regards,

Denise Peterson-Rafuse
Minister, Department of Community Services

3.0 INTRODUCTION

The Annual Accountability Report is a report on the progress achieved by the corporation towards the goals, priorities, performance measures, and financial targets established in the 2009-2010 Business Plan, and is available at http://www.gov.ns.ca/coms/department/Publications.html

The Nova Scotia Housing Development Corporation, created in 1986, provides financing for government's social and supported housing programs. It is responsible for holding the province's social housing assets and consolidating the revenues and expenditures associated with operating these assets. The goal of the Nova Scotia Housing Development Corporation is to ensure the province has a range of financial tools available to support government's housing objectives.

Created by the *Nova Scotia Housing Development Corporation Act*, the corporation's activities include:

- the acquisition and disposal of real estate
- negotiating agreements
- borrowing and investing funds
- lending money and guaranteeing payments
- mortgaging property

The staff of the Department of Community Services carry out the management and administration functions of the corporation, but are not direct employees.

REPORT STRUCTURE

This report is organized into two main sections. The first section outlines the corporation's progress and accomplishments against the priorities identified in the 2009-2010 Business Plan. The next section provides details regarding performance measures and the results achieved. The financial results of the Nova Scotia Housing Development Corporation are reported on in the Audited Financial Statements. These statements are available at http://www.gov.ns.ca/finance/site-finance/media/finance/PublicAccounts2009/Financial%20Statements/NS%20Housing%20Dev%20Corp.pdf

4.0 PRIORITIES AND ACCOMPLISHMENTS

The Nova Scotia Housing Development Corporation secures the necessary funding and manages the related assets that enable the Department of Community Services to provide programs which address the housing needs of Nova Scotians.

The work of the corporation is very closely aligned and integrated with the work of the Department of Community Services. The following accomplishments is in addition to the many ongoing activities that Community Services staff carry out on behalf of the corporation.

Invested in Housing Infrastructure

2009-2010 was a historic year for Nova Scotia, having successfully secured funding to support a two year investment of $133 million in housing infrastructure.

In 2009-2010, the department began to rejuvenate and green Nova Scotia's public housing stock, create additional housing for seniors, persons with disabilities, and affordable housing options for low-income Nova Scotians, as well as enable government to continue with the Residential Rehabilitation Assistance Program.

In 2009-2010, $85.0 million was committed:

- $11.4 million was committed for 552 units in cooperatives and non-profits;
- $21.4 million was committed for the development of 167 new units across the province for seniors and persons with disabilities;
- $34.6 million was committed for 950 public housing projects. This work includes completing needed repairs, reducing operating costs through energy efficiency and helping seniors to live independently:
- $9.15 million was committed for the upgrading/ adaptation of 818 dwelling units and 196 bed-units;
- $8.2 million was committed for the creation/preservation of 239 affordable housing units.

These investments significantly advanced the Province's housing and poverty reduction objectives as well as provided a major stimulus to the economy.

The remaining funds, approximately $48 million, will be invested in 2010-2011.

New Technology System[1]

In 2008-2009, a review of the governance structure of the corporation was completed. The review examined ways to strengthen accountability and improve the efficiency and effectiveness of the corporation's operations. One of the recommendation's of this review was the need to replace the current mortgage and loan software used to manage the delivery and administration of over $200 million in mortgages and loans.

In 2009-2010, work began on the development of a new mortgage and loan software system. Work included defining the requirements of the new system and developing a detailed design to meet these requirements. The new tool will incorporate both the department's Integrated Case Management (ICM) and SAP systems. Implementation is scheduled for December 2010.

Funding Support for Government's Public Policy Agenda

The corporation, on behalf of the Province, works to ensure there are a range of capital financing tools to support governments public policy agenda.

- In 2009-2010, the corporation provided approximately $183.7 million in financial assistance to long term care facility proponents who are constructing new, replacing, and/or expanding long term care facilities. Over the past two years, the corporation has advanced $234.2 million under the Long Term Care Renewal Initiative.

- Through the department's Repair and Renovation Loan program, approximately $1 million was offered to 35 Child Care Centres to improve its facilities and create additional child care spaces.

- As at March 31, 2010, approximately $1.4 million has been advanced to applicants of the province's EnerGuide Loan Program.

5.0 FINANCIAL RESULTS

Please refer to the Audited Financial Statements for the financial results of the Nova Scotia Housing Development Corporation. These statements are available at http://www.gov.ns.ca/finance/site-finance/media/finance/PublicAccounts2009/Financial%20Statements/NS%20Housing%20Dev%20Corp.pdf

[1] Also addresses Business Plan priority, ***Strengthen Accountability and Improve the Efficiency of the Corporation's Business Process.***

6.0 PERFORMANCE MEASURES

AMOUNT OF FINANCING AND/OR MORTGAGE GUARANTEES

WHAT DOES THE MEASURE TELL US?

The corporation provides financing to qualified agencies to purchase, lease or upgrade housing/shelter related facilities. This involves giving the agencies preferred interest rates for longer term periods than would be provided by private lenders. Agencies are protected from fluctuations in their on-going operating costs. This is particularly important to Community Services and the Department of Health, since publically subsidized per diem rates include financing costs.

This measure reports the amount of financing and/or mortgage guarantees provided to social housing projects. Qualifying projects generally must meet at least one of the following criteria:

- increase the supply of safe, affordable, appropriate and sustainable housing in Nova Scotia
- reduce the long-term interest rate risk to the Province of Nova Scotia
- have an acceptable level of risk to the corporation
- reduce the long term financing costs to the Province of Nova Scotia.

WHERE ARE WE NOW?

In 2009-2010, the corporation provided approximately $192 million in financing and/or mortgage guarantees, of which, $183.7 million was used to assist long term care facility proponents who are constructing new, replacing, and/or expanding long term care facilities.

Amount of Financing and/or Mortgage Guarantees				
2005-2006 (BY)	**2006-2007**	**2007-2008**	**2008-2009**	**2009-2010**
$12.87 million	$9 million	$21.7 million	$59.8 million	$192.0 million

WHERE DO WE WANT TO BE IN THE FUTURE?

The corporation will continue to provide financing to support the Department of Health in the development of new long term beds, the delivery of the province's EnerGuide Loan Program, the construction and renovation of community homes for persons with disabilities, and the commercial child care sector to improve its facilities and create additional child care spaces.